defendant not liable. *Southern Ry. Co.* v. *W. A. Simpkins Co. et al.* (N. C., 1919), 100 S. E. 418.

The court in deciding the case considered the mortgagee both as disclosed and undisclosed principal, reaching the same result by either method. Concerning the liability of an undisclosed principal there have been many adjudications. The rule was first laid down in 1829 by the case of *Thomson* v. *Davenport,* 9 B. and C. 78, 4 M. and R. 110. Dictum in that case asserted that the liability of an undisclosed principal to the third person was subject to the qualification that the accounts between the agent and principal had not been altered to the detriment of the principal. Twenty-six years later, Parke, B., in *Heald* v. *Kenworthy,* 10 Exch. 740, restricted this rule by holding that the undisclosed principal was relieved only when he had been induced to settle with the agent by the acts of the third party. *Armstrong* v. *Stokes,* 7 Q. B. 598 (1872) attempted a refined distinction between *Thomson* v. *Davenport, supra,* and *Heald* v. *Kenworthy, supra,* but a later English case rejected such distinction. *Irvin* v. *Watson,* 5 Q. B. D. 414, 42 L. T. Rep. N. S. 810. The rule as laid down in *Heald* v. *Kenworthy, supra,* is now the established rule in England. See also *Davison* v. *Donaldson,* 9 Q. B. D. 623, 47 L. T. Rep. N. S. 564. That rule has also been followed in this country by some courts. *Hyde* v. *Wolfe,* 4 La. 234, 23 Am. Dec. 484; *Brown* v. *Bankers Tel. Co.,* 30 Md. 39. It is approved in 31 Cyc. 1580, being there called the "better rule." However, the majority of courts in this country seem to adhere to the rule of *Thomson* v. *Davenport, supra.* See *Clealand* v. *Walker,* 11 Ala. 1058, 46 Am. Dec. 238; *Bush* v. *Devine,* 5 Harr. 375; *Emerson* v. *Patch,* 123 Mass. 541; *Fradley* v. *Hyland,* 37 Fed. 40, 2 L. R. A. 749; *Knapp* v. *Simon,* 96 N. Y. 284; *Price-Evans Foundry Co.* v. *Southern Bell Tel. Co.,* (Ga., 1917) 91 S. E. 283. The court also considered the defendant in the light of a disclosed principal. This seems to be the most satisfactory way of disposing of the case. The chattel mortgage having been recorded the plaintiff was held to have had knowledge of the real ownership of the articles shipped and consequently elected to give exclusive credit to the agent. The principal then could not be held. Such doctrine is supported by abundant authority. *Addison* v. *Gaudassequi,* 4 Taut. 374; *Homans* v. *Lambard,* 21 Me. 308; *Ford* v. *Williams,* 21 How. (U. S.) 287; *Jones* v. *Aetna Ins. Co.,* 14 Conn. 501; *Johnson* v. *Cleaver,* 15 N. H. 332; *Winchester* v. *Howard,* 97 Mass. 303.

Referendum—Approval or Rejection of Proposed Amendments to Federal Constitution.—The legislature of Arkansas having voted approval of the proposed Eighteenth Amendment to the United States Constitution, a petition signed by the necessary number of voters for a referendum to the people of the state was filed with the secretary of state. In action to compel the secretary to certify the referendum, *held* that the state provision for referendum did not apply to action of the legislature in approving proposed amendments. *Whittemore* v. *Terral,* (Ark., 1919) 215 S. W. 686.

This subject is discussed *ante,* p. 51. The conclusion of the court is based on the ground that the constitution of Arkansas, providing for a referendum covers only "acts," "measures," and "laws," these terms being used

interchangeably, and does not extend to ratifications, which are merely steps in the enactment of law. The court said that the action of a state legislature in ratification or rejection is properly likened to a response to a roll-call.

STATUTES—CONSTRUCTION—STATE LAW.—The defendant, a national bank, was allowed by federal statute to "take, receive, reserve and charge on any loan or discount—interest at the rate allowed by the laws of the state or territory where the bank is located, and no more." The Georgia statutes allowed a rate of eight per cent per annum. The defendant deducted in advance from the loan a sum equivalent to eight per cent per annum upon the whole sum, thus receiving a return of slightly more than eight per cent on the amount actually loaned. On suit by the borrower to recover penalties prescribed for taking more than the permitted rate of interest, *held*, (three justices dissenting) the bank had not exceeded the permitted rate. *Evans* v. *National Bank of Savannah*, (U. S. Sup. Ct., 1919) 40 Sup. Ct. 58.

Hard cases sometimes make irrational law. This decision comes within that category. Prior to 1915 it had been established by decision of the Georgia courts that the statute allowed a deduction of eight per cent in advance. In 1915 the Georgia supreme court reversed these decisions and declared that the resulting slight excess of eight per cent on the amount actually loaned was not permitted by the statute. Thus by the statutes of Georgia, as interpreted by the supreme court of the state, a discount of eight per cent was not permitted. Yet the defendant bank had deducted a discount of eight per cent. The loan and discount had been made so closely following the decision which changed the old rule, that the bank officials may have been ignorant of the change. Nevertheless, ignorance of the law is not a defense. *Jellico Coal Co.* v. *Com.*, 16 Ky. L. R. 463; *Staley* v. *State*, 89 Neb. 701, 34 L. R. A. (N. S.) 613. And a state court's interpretation of a state statute is binding on the federal courts. *Warburton* v. *White*, 176 U. S. 484; *Yocum* v. *Kennedy*, 130 Fed. 722; *Love* v. *Busch*, 142 Fed. 429. The dissenting opinion of three judges in the principal case held accordingly, and cited *Citizens National Bank* v. *Donnell*, 195 U. S. 369, as an exact precedent. The majority, in holding the bank not guilty, ignore both this precedent and the logic suggested.

TAXATION—CHARITABLE ORGANIZATIONS NOT LOSING RIGHT TO EXEMPTIONS—NATURE OF WORK DONE BY CHARITABLE ORGANIZATION DETERMINES RIGHT TO EXEMPTIONS.—Appellant, a Massachusetts corporation, maintains a store in Chicago where it sells religious and moral books and Sunday School supplies. To some Sunday Schools it furnishes the supplies gratis, but others it charges from 25 to 100 per cent of the list price in accordance with their ability to pay. The business is so managed that over a period of years there will be no profits. *Held*, "An institution does not lose its charitable character, and consequent exemption from taxation by reason of the fact that those recipients of its benefits who are able to pay are required to do so, where no profit is made by the institution and the amounts so received are applied in furthering its charitable purposes * * * It is not the use to be